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MEETING OF THE

COMMUNITY, ECONOMIC & HUMAN DEVELOPMENT COMMITTEE

PLEASE NOTE CHANGE IN TIME

Thursday, April 3, 2008

10:00 a.m. – 12:00 p.m.

SCAG Offices

**818 West 7th Street, 12th Floor
Conference Room Riverside B
Los Angeles, CA 90017
213.236.1800**

If members of the public wish to review the attachments or have any questions on any of the agenda items, please contact Jane Embry at 213.236.1826 or embry@scag.ca.gov

Agendas and Minutes for the Community, Economic, and Human Development Committee are also available at:

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SCAG, in accordance with the Americans with Disabilities Act (ADA), will accommodate persons who require a modification of accommodation in order to participate in this meeting. If you require such assistance, please contact SCAG at (213) 236-1868 at least 72 hours in advance of the meeting to enable SCAG to make reasonable arrangements. To request documents related to this document in an alternative format, please contact (213) 236-1868.

Community, Economic, and Human Development Committee Membership

April 2008

Jon Edney, Chair
Larry McCallon, Vice-Chair

El Centro
Highland

Members

Barnes, Christine
Bayer, Anne
Coerper, Gil
Cortes-Moore, Bea
Dubois, Diane
Fesmire, Melanie
Garcia, Joe G.
Jahn, Bill
Jasper, Timothy
Lantz, Paula
Lee, Laura
Loveridge, Ronald
Malsin, Scott
McCullough, Kathryn
McSweeney, Susan
Mitchell, John D.
Morehouse, Carl
Mosca, Joseph
Norby, Chris
Nowatka, Paul
Nunez, John H.
Olhasso, Laura
Perry, Jan
Reyes, Ed
Ring, Bob
Robertson, Deborah
Serrano, Joseph
White, Charles

Representing

La Palma
Gateway Cities
OCCOG
SANBAG
Gateway Cities
CVAG
SGVCOG
SANBAG
Apple Valley
Pomona
Gateway Cities
Riverside
Westside Cities COG
OCCOG
Las Virgenes/Malibu COG
SANBAG
Ventura/VCOG
SGVCOG
Orange County
Torrance
SGVCOG
Arroyo Verdugo
Los Angeles
Los Angeles
OCCOG
Rialto
Gateway Cities
WRCOG

COMMUNITY, ECONOMIC & HOUSING DEVELOPMENT

AGENDA

APRIL 3, 2008

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		TIME	PG#
1.0	<u>CALL TO ORDER & PLEDGE OF ALLEGIANCE</u> (Hon. Jon Edney, Chair)		
2.0	<u>PUBLIC COMMENT PERIOD</u> – Members of the public desiring to speak on items on the agenda, or items not on the agenda, but within the purview of the Council, must fill out and present a speaker's card to the Sr. Administrative Assistant prior to speaking. A speaker's card must be turned in before the meeting is called to order. The Community, Economic & Human Development Committee may consider and act upon any of the items listed on the agenda. Comments will be limited to three minutes. The Chair may limit the total time for all comments to twenty minutes.		
3.0	<u>REVIEW and PRIORITIZE AGENDA ITEMS</u>		
4.0	<u>CONSENT CALENDAR</u>		
4.1	<u>Approval Items</u>		
4.1.1	<u>Minutes of March 6, 2008 Meeting</u>	Attachment	5 min. 1
5.0	<u>INFORMATION ITEMS</u>		
5.1	<u>Housing Summit Advisory Committee Update</u> (Hon. Kathryn McCullough) The Chair of the Housing Summit/Compass Blueprint Awards Advisory Committee will give a verbal summary of the Committee's progress in preparation of the Housing Summit.		10 min.
5.2	<u>Regional Comprehensive Plan (RCP) Update and Schedule</u> (Jacob Lieb, SCAG) Staff will update the Committee on the preparation of the RCP, including a discussion of public workshops hosted by the Committee.	Attachment	15 min. 7

COMMUNITY, ECONOMIC & HOUSING DEVELOPMENT

AGENDA

APRIL 3, 2008

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			TIME	PG#
5.3	<u>SB 375 (Steinberg) – Summary of Legislative Developments</u> <i>(Jeff Dunn, SCAG)</i>	Attachment	30 min.	9
	Staff will provide a summary of issues and proposals on SB 375 and invite the bill's author, Senator Darrell Steinberg, to SCAG to discuss.			
5.4	<u>State Tax Policy Effect on Local Land Use Decision Making</u> <i>(Jeff Dunn/Mark Butala, SCAG)</i>	Attachment	20 min.	10
	Discussion by Committee Members on possible approaches for SCAG to study and effectuate change regarding the current tax system that “fiscalizes” certain land uses and local decision making.			
5.5	<u>Venture Capital Investments in the SCAG Region</u> <i>(Elizabeth Delgado, SCAG)</i>	Attachment	20 min.	12
	SCAG is the premier agency for the provision of venture capital data for Southern California. Results of this analysis will be shared with the Committee.			
5.6	<u>Compass Blueprint Public Outreach Strategy</u> <i>(Mark Butala, SCAG)</i>	Attachment	10 min.	29
	The Compass Blueprint public outreach strategy is being updated to better reflect current SCAG priorities and its emphasis of providing assistance to member cities.			
6.0	<u>CHAIR’S REPORT</u> <i>(Hon. Jon Edney)</i>		10 min.	
	The Chair will invite Committee members to report on outside meetings that may have a relevance to the CEHD’s policy areas.			



COMMUNITY, ECONOMIC & HOUSING DEVELOPMENT AGENDA APRIL 3, 2008

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TIME *PG#*

7.0 STAFF REPORT

8.0 FUTURE AGENDA ITEMS

Any Committee member or staff desiring to place items on a future agenda may make such a request.

9.0 ANNOUNCEMENTS

10.0 ADJOURNMENT

The next meeting of the Community, Economic, and Human Development Committee is scheduled for Thursday, May 8, 2008, and will be held in conjunction with the General Assembly at the Ontario Convention Center, Ontario, California.

**COMMUNITY, ECONOMIC & HUMAN DEVELOPMENT COMMITTEE
of the
SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**

**March 6, 2008
Minutes**

THE FOLLOWING MINUTES ARE A SUMMARY OF ACTIONS TAKEN BY THE COMMUNITY, ECONOMIC & HUMAN DEVELOPMENT COMMITTEE. AN AUDIOCASSETTE TAPE OF THE ACTUAL MEETING IS AVAILABLE FOR LISTENING IN SCAG'S OFFICE.

The Community, Economic & Human Development Committee held its meeting at the SCAG office in downtown Los Angeles.

Members Present

Barnes, Christine	City of La Palma
Bayer, Anne	Gateway Cities
Coerper, Gil	City of Huntington Beach
Cortes, Bea	SANBAG
Edney, Jon (Chair)	City of El Centro/IVAG
Fesmire, Melanie	CVAG
Jasper, Timothy	City of Apple Valley
Lantz, Paula	City of Pomona
McCallon, Larry (Vice-Chair)	City of Highland
McCullough, Kathryn	OCCOG
McSweeney, Susan	Las Virgenes/Malibu COG
Mitchell, John D.	SANBAG
Morehouse, Carl	Ventura/VCOG
Norby, Chris	Orange County
Nowatka, Paul	City of Torrance
Nunez, John H.	SGVCOG
Olhasso, Laura	Arroyo Verdugo
Ring, Bob	OCCOG
Robertson, Deborah	City of Rialto

Members Not Present

Dubois, Diana	Gateway Cities
Garcia, Joe G.	SGVCOG
Jahn, Bill	SANBAG
Jeffra, Jim	Lancaster
Lee, Laura	Gateway Cities
Loveridge, Ronald	City of Riverside
Malsin, Scott	Westside Cities COG

Members Not Present (Continued)

Mosca, Joseph	SGVCOG
Palmer, Jim	OCCOG
Perry, Jan	Los Angeles
Reyes, Ed	Los Angeles
Serrano, Joseph	Gateway Cities
White, Charles	WRCOG

1.0 CALL TO ORDER & PLEDGE OF ALLEGIANCE

The Hon. Jon Edney, Chair, called the meeting to order at 10:50 AM and led the Committee in the Pledge of Allegiance.

2.0 PUBLIC COMMENT PERIOD

There were eight public comments submitted, all pertaining to Agenda Item 5.1, 2008 RTP Growth Forecast. Those comments are noted below as the item was presented.

3.0 REVIEW AND PRIORITIZE AGENDA ITEMS

There were no agenda reprioritizations.

4.0 CONSENT CALENDAR

4.1 Approval Item

4.1.1 Minutes of February 7, 2008 Meeting

A MOTION was made (Jasper) to approve the Consent Calendar. The MOTION was SECONDED (Coerper) and UNANIMOUSLY APPROVED.

5.0 ACTION ITEMS

5.1 2008 RTP Growth Forecast

John Fregonese, Fregonese Associates, presented an overview of the Baseline Forecast and the Growth Policy Forecast. Mr. Fregonese explained that the Baseline was prepared from general plans and local input based on a technical trend methodology while the Policy Growth Forecast was intended to demonstrate CEHD policies and direction, as well as go beyond the Baseline and demonstrate the benefits of implementation of the policies after 2014. Mr. Fregonese emphasized that neither forecast was ever intended to be a land use plan. He then summarized the comparative performance benefits of the Policy Growth Forecast to the baseline, noting there are substantial improvements, i.e., a 20 million reduction in VMT and 125,000 additional transit boardings with the Policy Growth Forecast. Mr. Fregonese outlined the three Growth Forecast Options, A, B, and C, and the nine policies and strategies on which the Draft Policy Growth Forecast was founded.

Lynn Harris, SCAG staff, presented a letter from the Orange County Council of Governments (OCCOG), signed by Interim Executive Director, Dennis Wilberg, supporting Option C.

Hon. Jon Edney introduced the public comment segment.

Nancy Pfeffer, representing Gateway Cities COG, referenced a written communication on file and spoke in favor of Option C.

Miles Mitchell, representing the City of Los Angeles, referenced a written communication on file and expressed concern that the City's planning department has not had time to assess the impact of the policy growth forecast data set, and that it may be inconsistent with the City's community plans, i.e., population shifts without corresponding increases in transportation funding. Mr. Mitchell also expressed concern that the RTP embodies the policy growth forecast so that it would then become the adopted forecast and not advisory or voluntary as presently written. Mr. Mitchell stated that the City would support Option C, and would accept Option B, if it referred to the general principles of the policy growth forecast, and not include the data set.

Catherine McMillan, representing CVAG, stated that Option A could not be supported because of concerns of shifting household units from inland to coastal regions. She stated that CVAG would support Option C, and would accept Option B, only if growth visioning is in an advisory capacity with the general principles.

Kevin Viera, representing WRCOG, stated that Option A would not be supported by WRCOG because of a large shift of household units from their region to coastal regions, which would impact their fee program. Mr. Viera stated that WRCOG supports Option C and would support Option B with modifications.

Peter Herzog, the Mayor Pro Tem of Lake Forest, representing OCCOG, referenced the written communication recorded earlier in the meeting, and its strong support for Option C. Mr. Herzog objected to Option A, due to its proposed development in FAA restricted growth areas and natural conservancy areas.

Gail Shiomoto-Lohr, representing OCCOG, reiterated OCCOG's written communication and Mayor Pro Tem Peter Herzog's support of Option C. Ms. Shiomoto-Lohr expressed concerns with Option A, particularly with the errors in the growth forecast that would need to be corrected before the growth forecast would be considered as a reasonable vision for the future.

Deborah Diep, representing Cal State Fullerton, spoke in favor of Option C. Ms. Diep stated that the best course of action would be to adopt the baseline forecast

and in terms of the policy forecast, the policies should be adopted, but not the data set.

Michael Litschi, representing OCTA, stated that OCTA's Board of Directors voted unanimously to support Option C.

Ms. Harris presented a clarification relative to Option B, saying it does not include a data set for the policy growth forecast, but instead includes only those nine policy and strategy statements that were approved by the CEHD committee in August 2007 and outlined on pages 88 and 89 of the Draft RTP. She further stated that in terms of the data sets, Option B and Option C use the same data set, the only difference is inclusion of the Statement of Policies and Strategies.

Hasan Ikhata, Executive Director for SCAG, stated that there should have been more time allotted after the workshops to come back to the cities and get their feedback with respect to the Draft Policy Growth Forecast. Mr. Ikhata stated that in the future, staff will develop a further process to gather additional input from the cities and work with them to develop the scenarios.

Hon. Edney, Chair, stated that he supports Option B, and said that he believes the Committee would concur as long as only the Baseline data set is included.

A MOTION was made (Mitchell) for Option B to adopt the Draft Baseline Growth Forecast for the 2008 RTP with a statement of advisory land use policies and strategies. These policies and strategies will be based upon the August 2007 action by CEHD, and as reflected on pages 8 and 9 of the March 6, 2008 staff report. Further, the RTP will include language that the policies and strategies shall be advisory only. The MOTION was SECONDED (Fesmire) and the Chair called for discussion.

A brief discussion ensued between Committee members and the Executive Director, resulting in a proposed amendment to the motion by Laura Olhasso directing staff to undertake a review and "clean-up" of both the baseline and the policy data sets after the RTP is adopted, as an ongoing effort among SCAG, the subregions and cities to make sure there are no mistakes.

Chair Edney inquired if the maker and second of the original MOTION were in agreement with the AMENDMENT. Members Mitchell and Fesmire agreed to the AMENDMENT. The MOTION, as amended, was UNANIMOUSLY APPROVED.

A MOTION was made (McCallon) to direct staff to continue working with the local jurisdictions and the subregions after approval of the RTP by the Regional Council to develop the policy growth forecast as an advisory guide for those who wish to voluntarily consider implementation of the Statement of Policies and

Strategies and for the Compass Blueprint effort. The MOTION was SECONDED (Barnes), and UNANIMOUSLY APPROVED.

5.2 2008 Regional Champion Award

Hon. Edney, requested that the Committee consider the nomination of Dr. John Husing as the nominee for the 2008 Regional Champion Award, in accordance with the suggestion of Mayor Ron Loveridge at the last meeting. A MOTION was made (Jasper) to nominate Dr. Husing as the CEHD nominee. The MOTION was SECONDED (Lantz) and UNANIMOUSLY APPROVED.

6.0 INFORMATION ITEMS

6.1 SB 375 (Steinberg) – Summary of Legislative Development

The Chair recommended moving this item to a future agenda. There was no objection.

7.0 CHAIR'S REPORT

8.0 STAFF REPORT

9.0 FUTURE AGENDA ITEMS

The Committee requested that previously scheduled items such as the Housing Summit Report, Fiscalization of Land Use, SB 375, RCP Schedule and Status Report, and discussion of the demonstration project selection process return on future agendas.

10.0 ANNOUNCEMENTS

11.0 ADJOURNMENT

Hon. Edney adjourned the meeting at 11:50 AM.

Minutes Approved By:


Lynn Harris, Manager
Community Development

2008

Member (Including Ex-Officio)		Representing	X = County Represented								X = Attended				= No Meeting NM = New Member EA = Excused Absence											
Last Name, First Name			IC	LA	OC	RC	SB	VC	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec						
Barnes, Christine*		La Palma			X			X			X															
Bayer, Anne		Gateway Cities		X					X	X																
Cooper, Gil		Huntington Beach			X			EA	X	X																
Cortes-Moore, Bea		SANBAG				X				NM																
Dubois, Diane		Gateway Cities		X				X	X																	
Edney, Jon* - Chair	X	El Centro						X	X	X																
Fesmire, Melanie		CVAG				X		X	X	X																
Garcia, Joe G.		SGVCOG		X				X																		
Jahn, Bill		SANBAG				X		NM	X																	
Jasper, Timothy*		Apple Valley				X			X	X																
Lantz, Paula*		Pomona		X				EA	X	X																
Lee, Laura		Gateway Cities		X																						
Lovendge, Ronald*		Riverside				X		X	X																	
Malsin, D. Scott		Westside Cities COG		X				X	X																	
McCallon, Larry* - Vice-Chair		Highland				X			X	X																
McCullough, Kathryn		OCCOG			X			X	X	X																
McSweeney, Susan		Las Virgenes/Malibu COG		X						NM																
Mitchell, John D.		SANBAG				X		NM	X	X																
Morehouse, Carl*		Ventura/VCOG					X	X	X	X																
Mosca, Joseph		SGVCOG		X				X																		
Norby, Chris*		Orange County			X					X																
Nowatka, Paul*		Torrance		X					X	X																
Nunez, John H.		SGVCOG		X				X	X	X																
Olhasso, Laura		Arroyo Verdugo		X				X	X	X																
Palmer, Jim		OCCOG			X																					
Perry, Jan*		Los Angeles		X																						
Reyes, Ed*		Los Angeles		X																						
Ring, Bob		OCCOG			X			X	X	X																
Robertson, Deborah*		Rialto					X	X		X																
Serrano, Joseph		Gateway Cities		X																						
White, Charles		WRCOG				X		X		EA																

*Regional Council Member

MEMO

DATE: April 3, 2008

TO: Community, Economic and Human Development Committee

FROM: Jacob Lieb, Program Manager, (213) 236-1921, lieb@scag.ca.gov

SUBJECT: Regional Comprehensive Plan Update and Schedule

BACKGROUND:

On December 6, 2007, the Community, Economic and Human Development Committee (CEHD) authorized release of the Draft Regional Comprehensive Plan (RCP) and approved a schedule and outreach process. This report serves as a periodic update to the committee on the process for finalizing the RCP.

Circulation

At this time, staff has distributed the Draft RCP broadly among SCAG members, stakeholders, and interested parties. Hard copies were sent to all members of the Regional Council, Policy Committees, every city and county in the SCAG region, selected other public agencies, and individuals that contributed to the development of the plan. The document has also been posted to the SCAG website. Compact discs and e-mail notice of the web posting were more broadly distributed to the SCAG mailing list.

Workshops

As part of the outreach plan approved by the CEHD Committee, the first of four public workshops on the draft RCP was held on February 13 in San Bernardino. That workshop featured presentations on the greenhouse gas settlement between San Bernardino County and the Attorney General. Also featured were discussions on air quality and the economy. The workshop was attended by approximately 40 individuals including approximately 10 elected officials. Substantial input was received that will be incorporated by staff and the RCP Task Force into the final RCP as presented for adoption later in the year. Future workshops will cover the remaining topics in the draft plan. Staff is coordinating with the CEHD and RCP Task Force Chairs to confirm dates and locations for future workshops. When dates are confirmed, CEHD members will be notified, and information will be posted on the program website – www.scag.ca.gov/rcp.

Schedule

The schedule approved by CEHD in December called for the Committee to consider a recommendation to adopt in June, and for the Regional Council to receive that recommendation in July. However, the EEC is currently reviewing a revised schedule for the Program Environmental Impact Report (PEIR) for the RCP that will necessitate that the adoption schedule be postponed by 3 months. The purpose of this schedule revision is to allow the RTP PEIR to proceed to completion prior to beginning the environmental review for the RCP. The new schedule is as follows:

RCP PEIR Schedule	
April 7	Start comment period for NOP
May 9	End comment period for NOP


MEMO

June 5	EEC action to release Draft RCP EIR
June 9	Start 45 day circulation
July 24	End of 45 day comment period
September 4	Ask EEC to recommend adoption of Final PEIR to RC
September 22	Mail responses to commenting agencies/persons
October 2	RC action to certify EIR/Adopt RCP

FISCAL IMPACT:

Information only at this time. Regional Comprehensive Plan is included in the current Overall Work Program (08-035)

Reviewed by:


Division Manager

Reviewed by:


Department Director

Reviewed by:


Chief Financial Officer

MEMO

DATE: April 3, 2008

TO: Community, Economic & Human Development Committee

FROM: Jeffrey S. Dunn, Government Affairs Analyst, Ext. 880, dunn@scag.ca.gov

SUBJECT: SB 375 (Steinberg) – Summary of Legislative Developments

BACKGROUND:

SB 375 (Steinberg) would require that regional transportation plans for certain regions include a *sustainable communities strategy* (SCS) designed to achieve a reduction of greenhouse gas emissions from automobiles and light trucks. SB 375 seeks to reward local governments whose land use decisions and development are consistent with the SCS. Because the bill has been amended numerous times and has been the subject of extensive, ongoing discussion by and between statewide stakeholders including the League of California Cities and CSAC, environmental organizations, Councils of Governments, MPOs, transportation commissions, the building industry and others, staff will provide an update of the status of these negotiations, as well as any pertinent information on the bill's movement in the legislative process as of the date of this meeting.

SCAG has invited Senator Steinberg to attend the April 3 meeting to specifically address SB 375.


FISCAL IMPACT:

Funding for preparation of this item is contained within existing budgetary resources in 08-090, 08-810 and 08-800.


Reviewed by:


Division Manager

Reviewed by:


Department Director

Reviewed by:


Chief Financial Officer

MEMO

DATE: April 3, 2008

TO: Community, Economic and Human Development Committee

FROM: Mark Butala, Program Manager, (213) 236-1945, butala@scag.ca.gov

SUBJECT: Item from the Committee: State Tax Policy Effect on Local Land Use Decision Making

BACKGROUND:

At the January 3, 2008 meeting, CEHD asked that this subject be put on the agenda for discussion as a possible work program for SCAG.

Since the approval of Proposition 13 and other voter-initiatives, California has experienced what is referred to as the “fiscalization of land use” or a policy environment in which land use decisions are made mostly or entirely based on fiscal considerations. Previously, with local jurisdictions in control of both land use and tax rates, decisions could aim to balance both the budget and local land use needs. Today, the distribution of local tax revenue is controlled at the State-level with sales tax revenues proving more beneficial to local communities, making retail more attractive to local governments than other land uses, such as housing. Within the regional context, fiscalized land use policies have gradually created imbalances between cities, counties and sub-regions that compete for specific land uses, and subsequent challenges in terms of economic development, affordable housing, and congestion have become more difficult.

The impacts of state tax policy and fiscalization of land use have been explored at the academic and policy levels for over 20 years. Should SCAG decide to approach the issue, multi-disciplinary consideration should be given as to its place in the agency’s strategic plan. Any recommendation from the CEHD would proceed to the Regional Council for consideration via the Chair’s recommendation and participation in identifying new agency initiatives for FY 08-09.

SCAG staff recommends that the Committee use these questions as a starting point for exploring SCAG’s role in considering this complicated tax policy issue.


- What is the goal of this effort?
- What would be the measures of success in achieving this goal?
- What is SCAG’s role in accomplishing this success, and is it the most effective venue for change?
- What context is most appropriate for this issue? Is it a planning issue or more a legislative effort?
- How does the Committee see such a work effort being undertaken for this subject?

FISCAL IMPACT:


A new work program in FY 08-09 could be included as part of the proposed budget. The fiscal impact of such a program would be determined upon definition of scope goals and measures of success if such an effort proceeds. This work program would not qualify for funding from The Consolidated Planning Grant, and another source would have to be identified to cover staff and any consultant services.

MEMO

Reviewed by:


Division Manager

Reviewed by:


Department Director

Reviewed by:


Chief Financial Officer

MEMO

DATE: April 3, 2008

TO: Community, Economic and Human Development Committee (CEHD)

FROM: Elizabeth Delgado, SCAG Staff
delgado@scag.ca.gov 213-236-1846

SUBJECT: Venture Capital Investments in the SCAG Region

BACKGROUND:

SCAG is the premier agency for the provision of venture capital data for Southern California.


Since 1995 over \$24.6 billion has been invested in the SCAG region from various venture capital sources. The top 4 industries in terms of venture capital investments received in the SCAG Region are: Media and Entertainment (\$3.9 billion), Software (3.5billion), Telecommunications (\$2.8 billion), and Medical Devices (\$1.7 billion)

Attached is a macro-level analysis about the state of venture capital investment in the SCAG region.

FISCAL IMPACT:

There is no fiscal impact.

Reviewed by:


Division Manager

Reviewed by:


Department Director

Reviewed by:


Chief Financial Officer

Venture Capital Investment in the SCAG Region

April 2008



SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS

Overview

The purpose of this brief is to provide a macro-level analysis about the state of venture capital investment in the SCAG region.

Venture capital investment is risk capital provided by professional money managers who invest alongside the management of young companies with the potential to become significant economic contributors¹. These companies are typically not financed through traditional bank financing and require 5-8 years to be publicly launched². Historically, these investments have been used as indicators of emerging and promising industry segments and innovation³. They have also been used as early indicators for future regional and national economic health, as well as one of the predictors of likely future output and employment growth.

According to Global Insight⁴, in 2006 California captured 24 percent of total U.S. jobs generated by companies funded by venture capital investments. While these companies bring jobs and revenue to the economy, only a few of these companies survive. Additionally, it is extremely difficult for business plans to get funded by venture capitalists. For every 100 business plans that come to a venture capital firm for funding, 10 are considered, and only one ends up being funded⁵. Successful companies in the region funded through venture capital firms include DreamWorks and EarthLink, which all created a significant impact on the regional economy.

Despite fluctuations the SCAG region has been able to attract over \$24.6 billion in investments from various venture capital sources since 1995 (Appendix I).

The total venture capital investments have been stable except during the “Irrational Exuberance⁶” period between 1999-2001 (Figure 1-1). While the region’s share of venture capital investments in the US and California has been stable- hovering around 8% of the US, and just under 20% of California- there are large gaps in investments compared to the rest of CA, particularly in areas such as Silicon Valley and San Diego County.

The SCAG region has been able to continue to attract various venture capital investments in the region’s diverse industries. (Figure 1-2)

Figure 1-1
Total Venture Capital Investments for the SCAG Region
1995 Q1 -2007 Q3

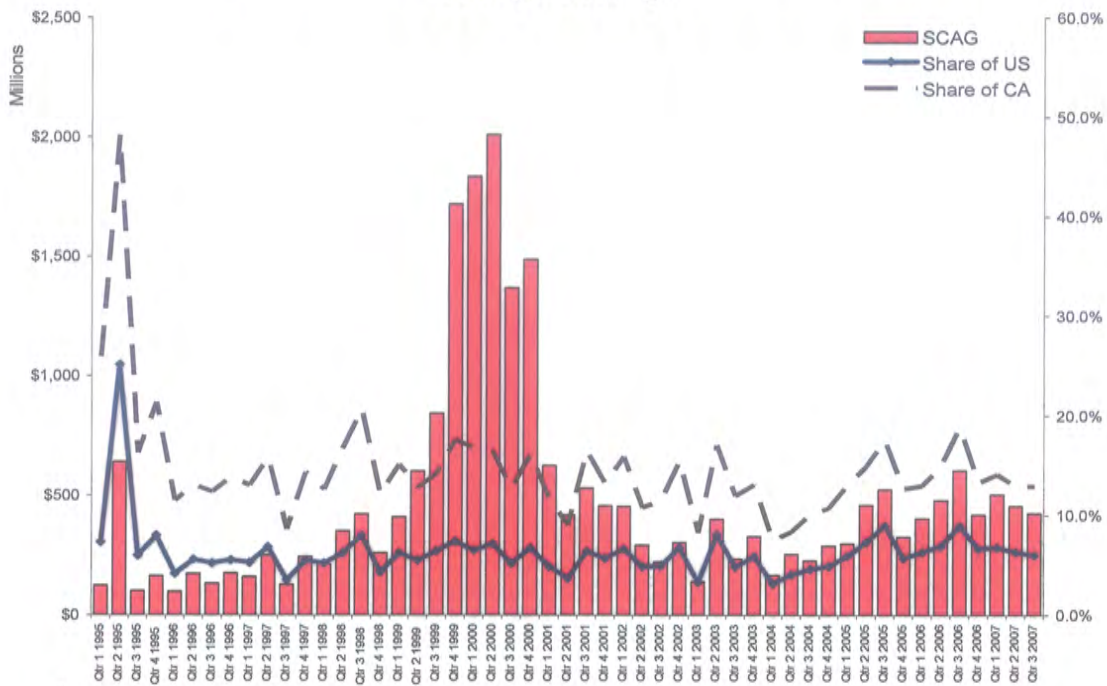
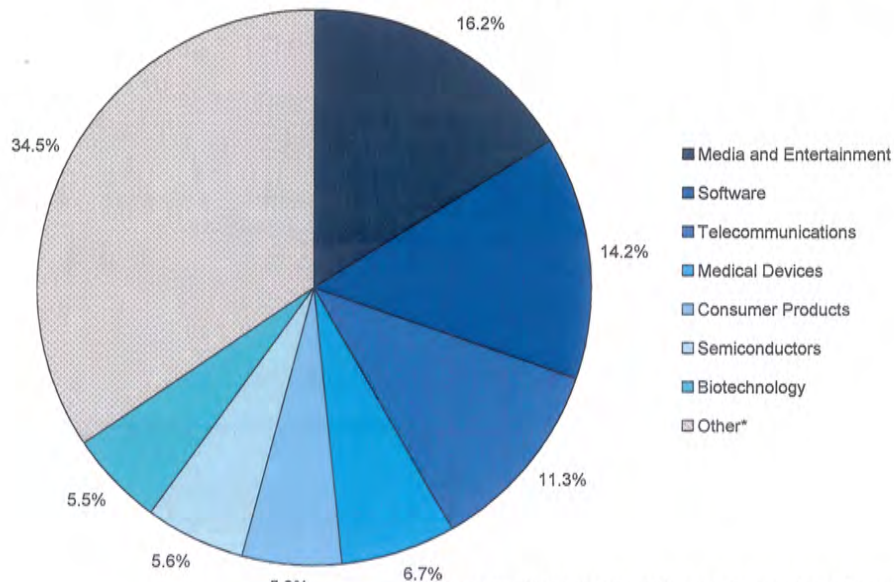


Figure 1-2
Venture Capital Investments by Industry for the SCAG Region
1995 Q1 -2007 Q3¹



¹ Other includes: Retailing, Energy, Financial Services, Networking and Equipment, Business Products, IT Services, Computers and Peripherals, Health Services, Electronics and Other (industry not provided). These industries accounted for 5% or less of the regional total from 1995 Q1- 2007 Q3.

The SCAG region has been an incubator for the nation's leading innovators that received funding during their early development stages such as: DreamWorks Animation, Bristol Farms, EarthLink Networks (now EarthLink Communications), and La Salsa Restaurants amongst others.

These industries have located throughout the region, but there are apparent industry and location clusters (Appendix II).

Industry and location clustering has occurred in Southern Orange County (cities include Aliso Viejo and Irvine), Conejo Corridor- along the 101 Freeway in Ventura County (cities include Thousand Oaks and Camarillo), the San Gabriel Valley (cities include Pasadena and South El Monte), Coastal Areas in Los Angeles County (cities include Santa Monica and El Segundo) as well as emerging clustering near the Ontario airport in San Bernardino County (cities include Ontario and Upland).

Los Angeles County

Los Angeles County saw \$14.6 billion in venture capital investment since 1995. The media and entertainment industry received the largest proportion of funding in Los Angeles County (\$3.4 billion). This is consistent with the large presence of the industry in the county particularly in the Westside Subregion - cities of Santa Monica and Venice, and the South Bay subregion- city of El Segundo. The telecommunications and software industries trailed media and entertainment with \$1.8 billion and \$1.6 billion respectively.

Top 5 Industries in Los Angeles, 1995 Q1 -2007 Q3

Media & Entertainment	\$3.4 billion
Telecommunications	\$1.8 billion
Software	\$1.6 billion
Retailing/ Distribution	\$958 million
Consumer Products/ Services	\$829 million
Other	\$ 5.9 billion

Total Activity in LA County \$14.6 billion

Source: Price-Waterhouse-Coopers/Moneytree; Thompson Venture Economics

Orange County

Orange County has a clustering of medical Equipment and telecommunications companies. The medical equipment and software industries have been drivers of venture capital investments in the county with total revenue streams of \$1.5 billion each. The telecommunications industry ranked second, with \$818 million during the same time period.

Top 5 Industries in Orange County, 1995 Q1 -2007 Q3

Software	\$1.5 billion
Medical Devices	\$1.5 billion
Telecommunications	\$818 million
Consumer Products	\$504 million
Semiconductors	\$483 million
Other	~\$3 billion

Total Activity	\$7.8 billion
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Source: Price-Waterhouse-Coopers/Moneytree; Thompson Venture Economics

Ventura County

In Ventura County, the “Conejo Corridor” has created a historic cluster of venture capital investments, primarily in companies requiring a high skilled workforce. The software and computers/ peripherals industry both received more than \$140 million each. The Conejo Corridor has seen a large concentration of energy and biotechnology industries to cities such Thousand Oaks and Camarillo.

Top 5 Industries in Ventura County, 1995 Q1 -2007 Q3

Software	\$147 million
Computers/ Peripherals	\$142 million
Consumer Products/ Services	\$114 million
Industrial/ Energy	\$97 million
Biotechnology	\$83 million
Other	\$197million

Total Activity	\$645 million
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Source: Price-Waterhouse-Coopers/Moneytree; Thompson Venture Economics

San Bernardino County

San Bernardino has shown increased investment over the given time period. Over \$41.9 million has been invested in industrial/energy and software companies. Most of these investments have been located near the Ontario airport. IT services and semiconductors (\$7.5 million and \$5.8 million respectively) is the third, followed by consumer products/ services with investments just below \$5 million.

Top 5 Industries in San Bernardino, 1995 Q1 -2007 Q3

Industrial/Energy	\$21.9 million
Software	\$20 million
IT Services	\$7.5 million
Semiconductors	\$5.8 million
Consumer Products/Services	\$4.9 million
Other	\$3.8 million

Total Activity	\$63.9 million
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Source: Price-Waterhouse-Coopers/Moneytree; Thompson Venture Economics

Riverside County

Riverside County has shown disparities in investment patterns over the past 12 years. Only three industries have received investments in the county. Software, medical devices and consumer products all cluster around the cities of Riverside, Corona, and Temecula. The software industry received \$15.1 million, while medical devices and equipment received \$4.4 million.

Top 3 Industries in Riverside, 1995 Q1 -2007 Q3

Software	\$15.1 million
Medical Devices	\$4.4 million
Consumer Products/Services	\$296,000

Total Activity	\$19.7 million
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Source: Price-Waterhouse-Coopers/Moneytree; Thompson Venture Economics

Conclusion

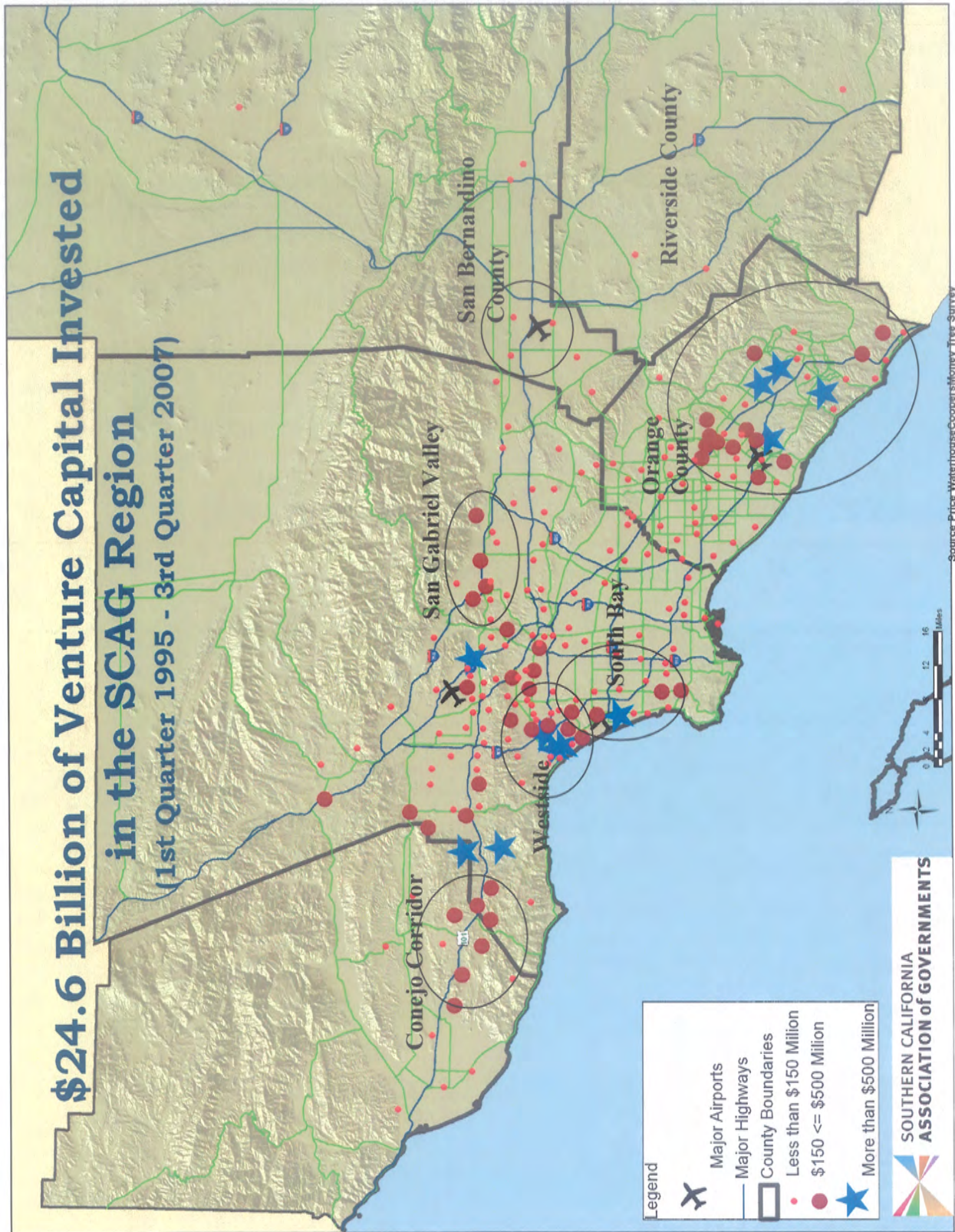
While the region outperformed the nation in venture capital investments, the region lags consistently behind other California regions such as Northern California and San Diego. The region needs to work collaboratively to identify the reasons and strategies to address the gap in investments.

There is an obvious association established in this brief between industry types and location concentrations of venture capital companies. Yet, while we can identify location versus industry clusters, more research is needed to be able to establish causation for such investments.

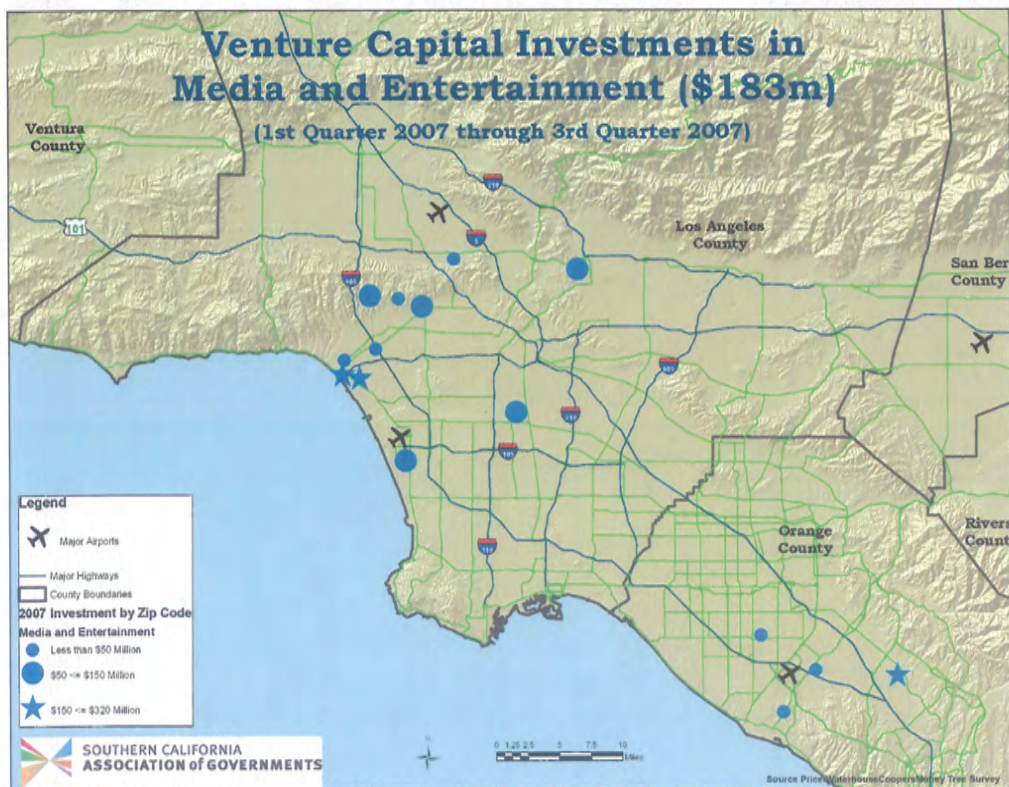
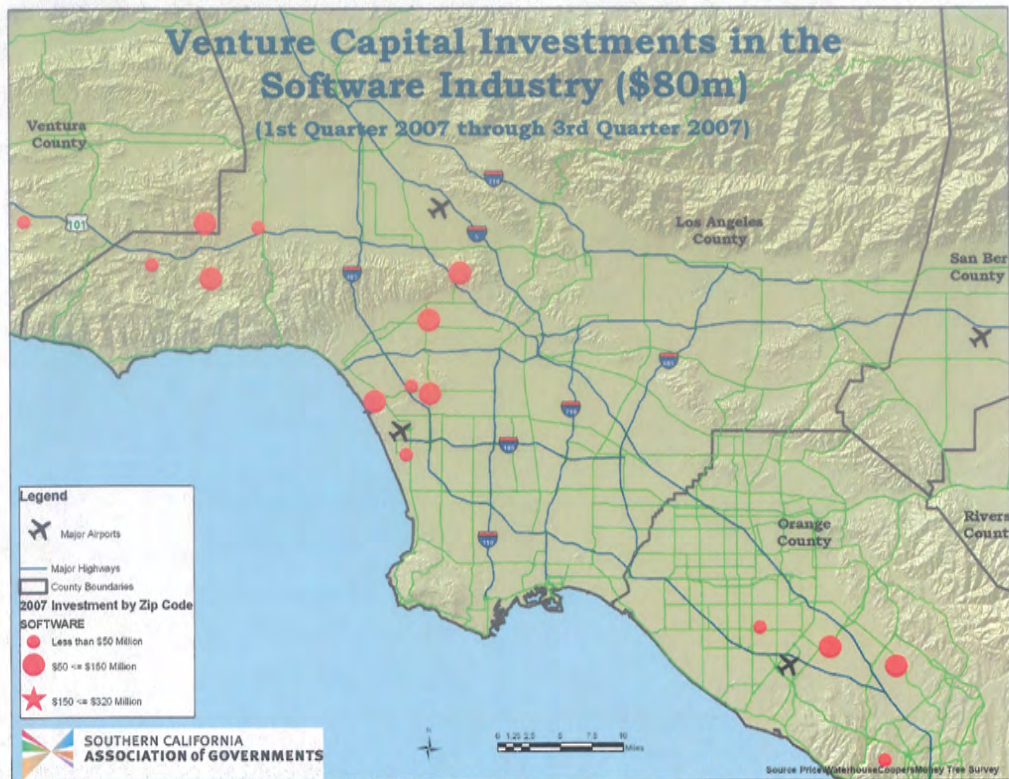
Our next steps are two fold:

- (1) Expansion of Data Acquisition and Analysis
 - (a) Expand the industry based analysis for 1995-2007 (Currently only prepared for 2007 Q1-Q3); and
 - (b) Provide this data free of charge to local jurisdictions on SCAG website
- (2) Economic Development Analysis
 - (a) To link investments to socio-economic conditions such as employment and income, as well as transportation accessibility; and
 - (b) To create a 'check list' for jurisdictions for retaining and recruiting such investment opportunities.

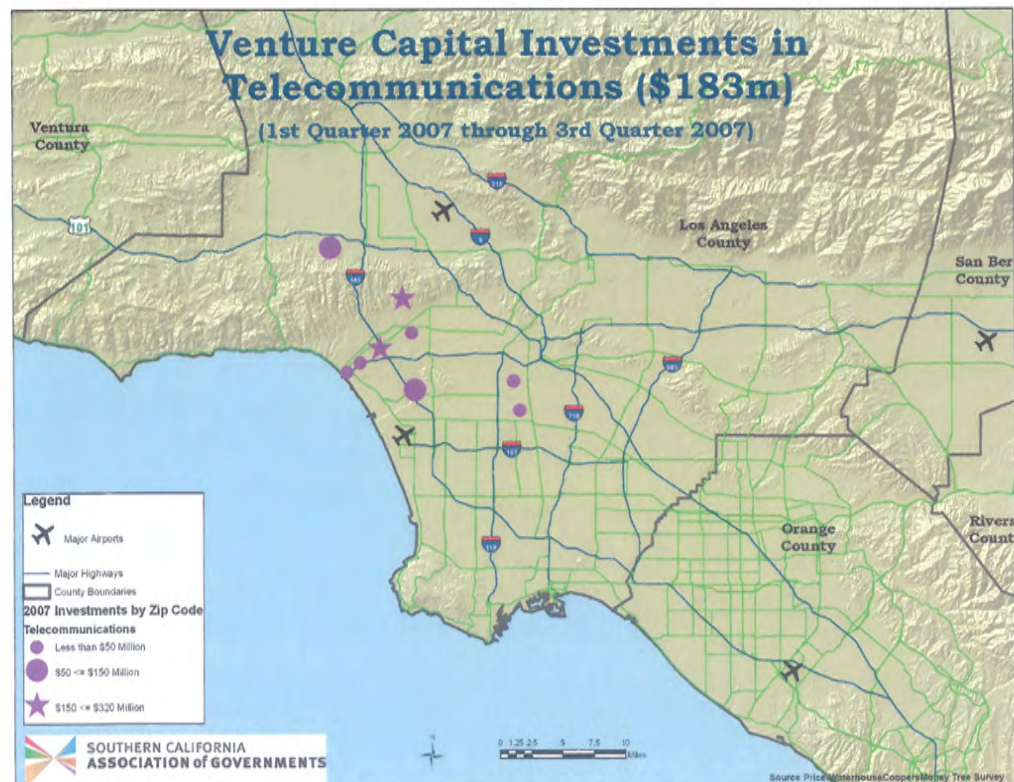
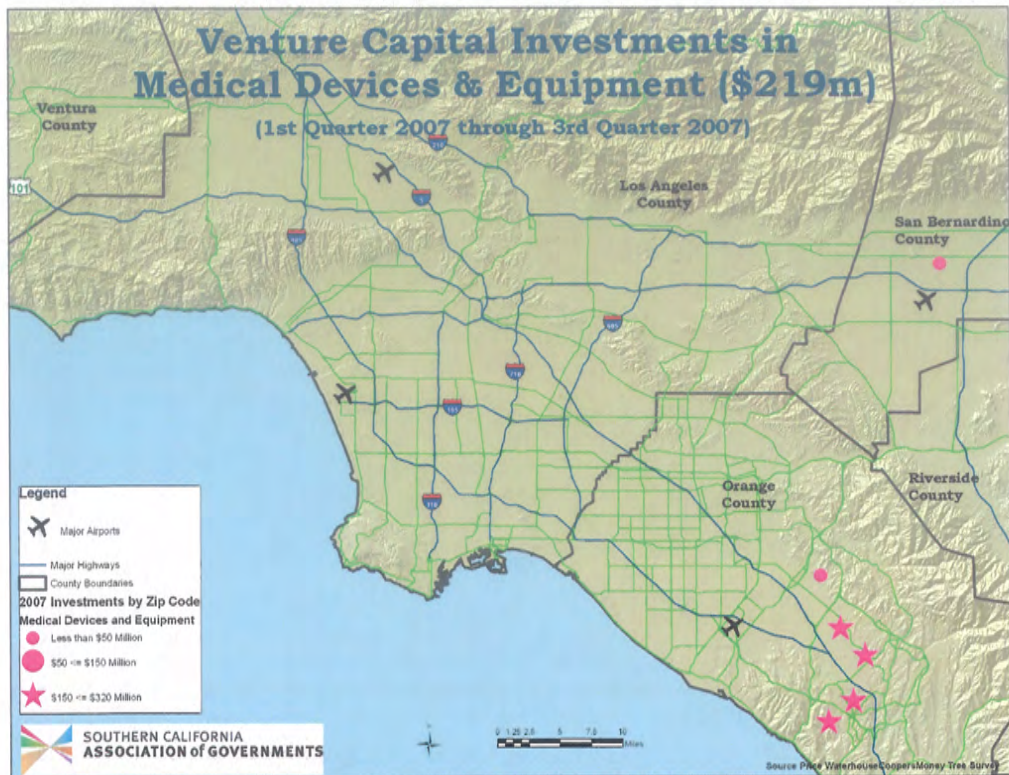
Appendix I



APPENDIX II
Top 4 Industries in the SCAG Region (2007 Q1-Q3)



APPENDIX II (continued)
 Top 4 Industries in the SCAG Region (2007 Q1-Q3)



References

¹ SCAG presentation to the Ventura Council of Governments. "Venture Capital Investment in the Conejo Corridor Area." September 9, 2004.

² Global Insight. "Venture Capital: The Economic Importance of Venture Capital Backed Companies to the U.S. Economy." 2007.

³ SCAG presentation to the Ventura Council of Governments- Bruce Devine. "Venture Capital Investment in the Conejo Corridor Area." September 9, 2004.

⁴ Global Insight. "Venture Capital: The Economic Importance of Venture Capital Backed Companies to the U.S. Economy." 2007.

⁵ Ibid.

⁶ Irrational Exuberance refers to a phrase used by former Federal Reserve Board Chairman Alan Greenspan during the economic recession that followed the stock market collapse of 2000.

Venture Capital Investments in the SCAG Region

Presentation to the
Community, Economic and Human Development Committee
April 2008

Elizabeth Delgado, Associate Regional Planner
Frank Wen, Growth Forecasting Program Manager
SCAG Community Development Staff



Definition & Purpose

What is Venture Capital?

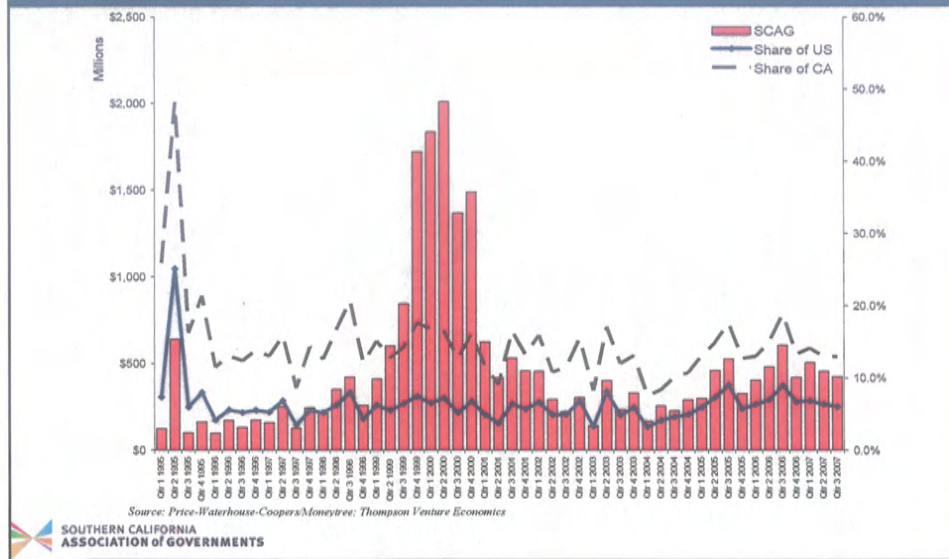
- Risk capital provided by professional money managers investing in companies with potential to become significant economic contributors.
- Key source of revenue for start-up companies

Importance to the Economy

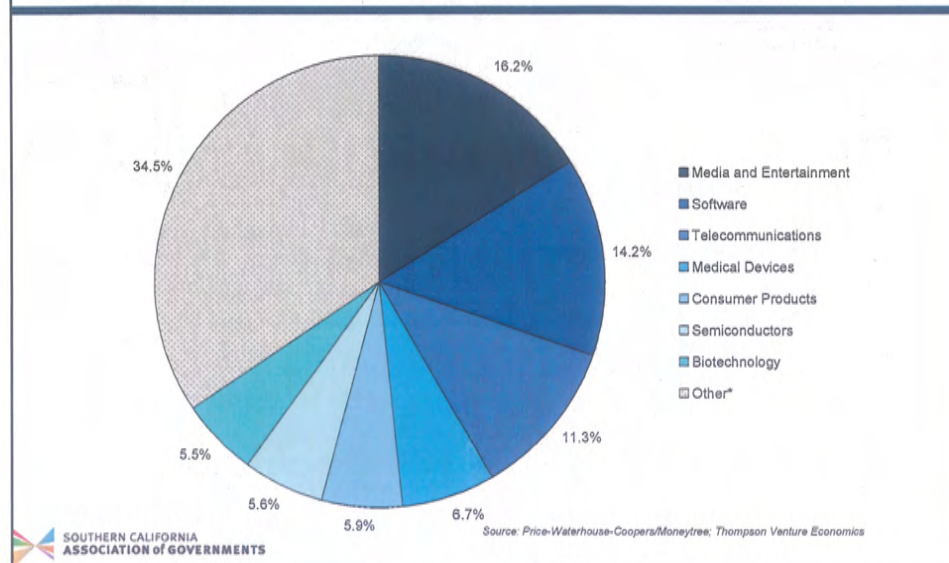
Investments have been used as indicators of:

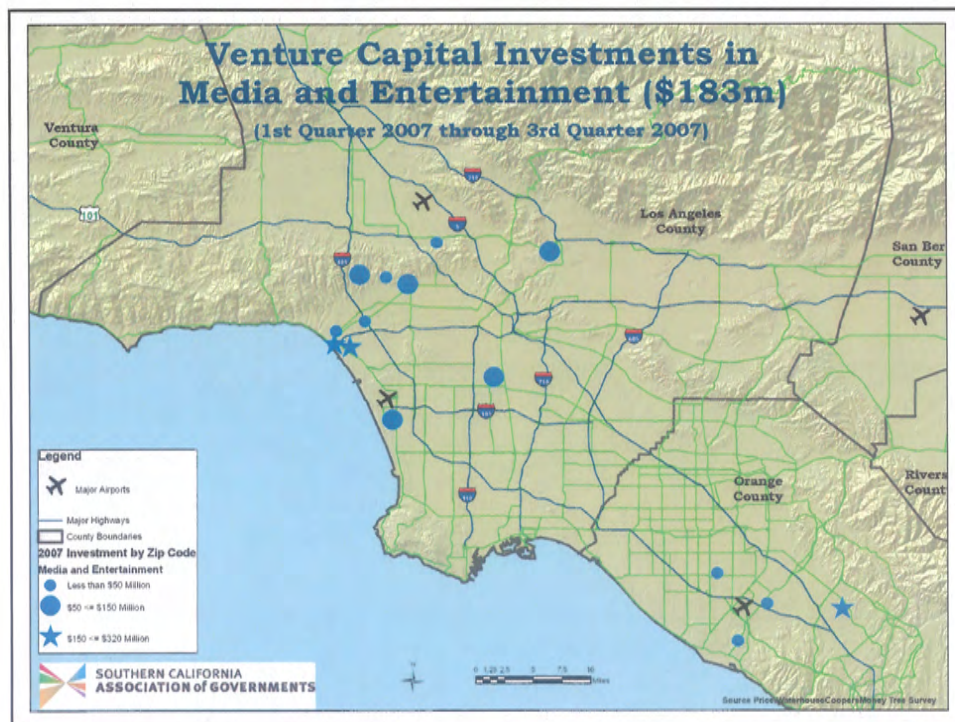
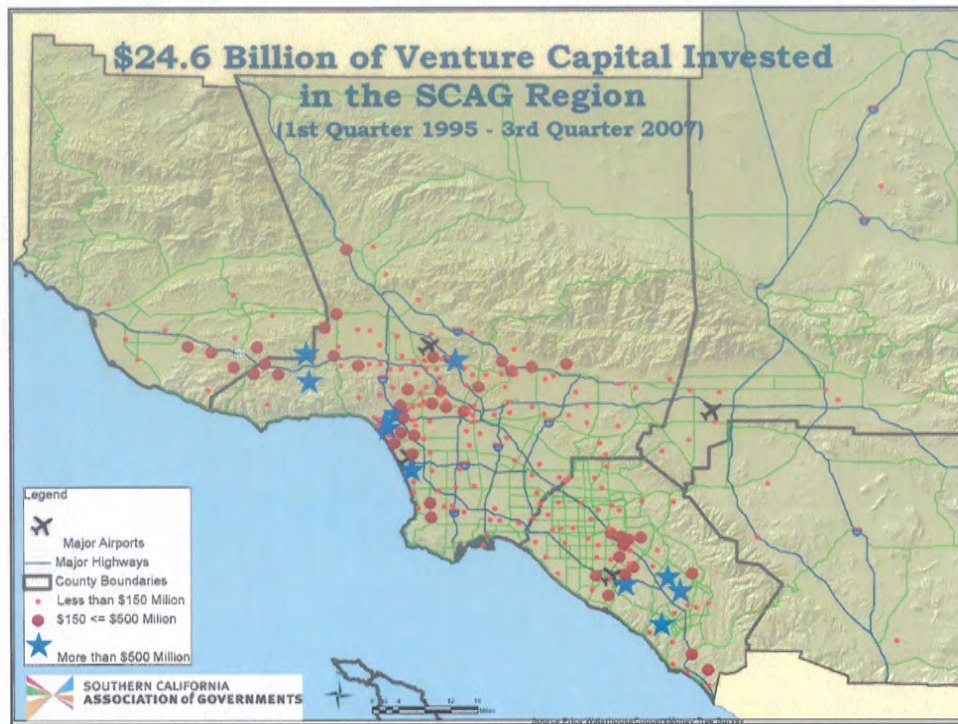
- emerging and promising industry segments & innovation
- Future regional and national economic health
- Likely future output & employment

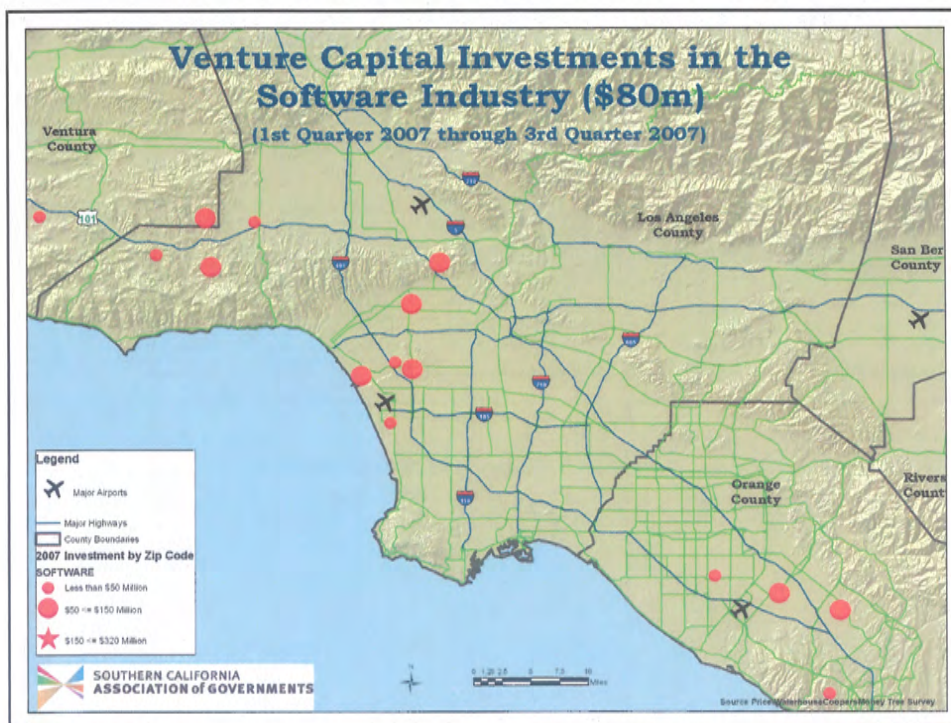
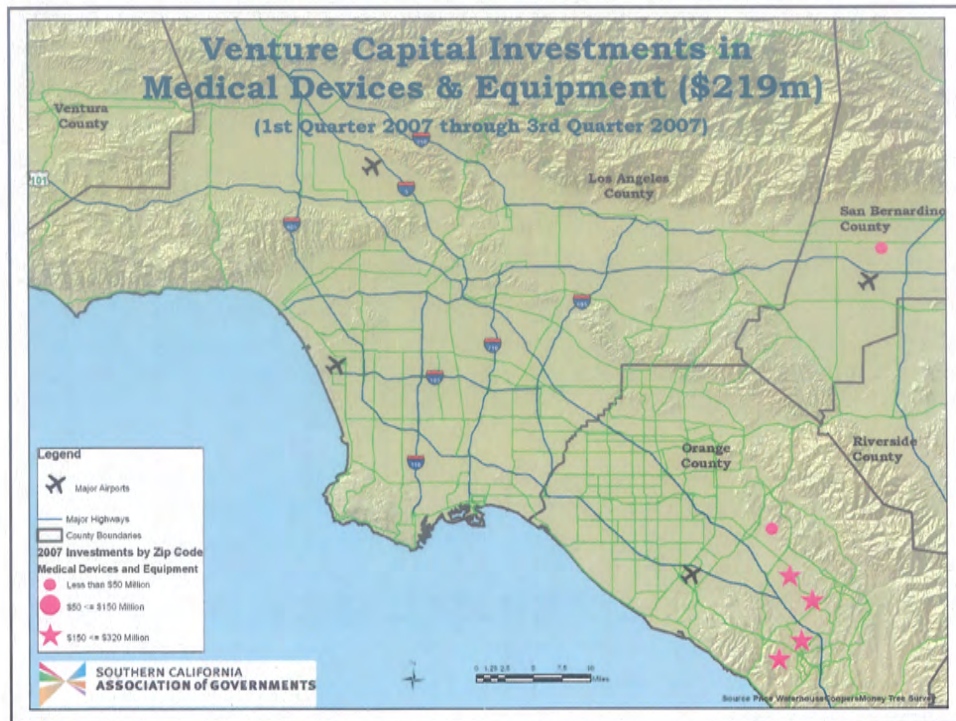
Total Venture Capital Investments for the SCAG Region 1995-2007

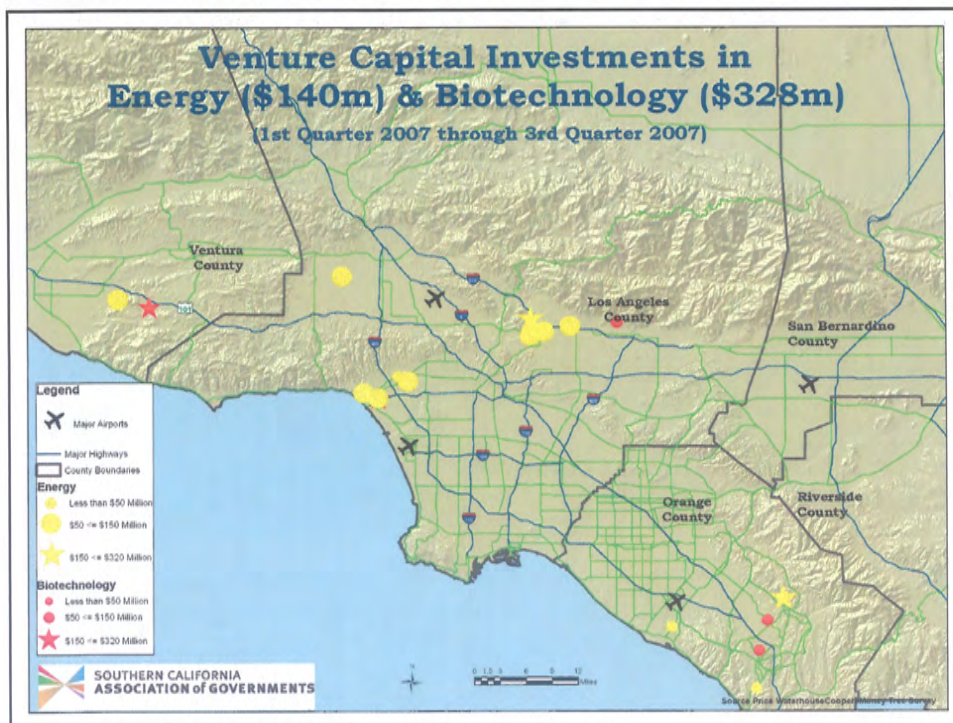
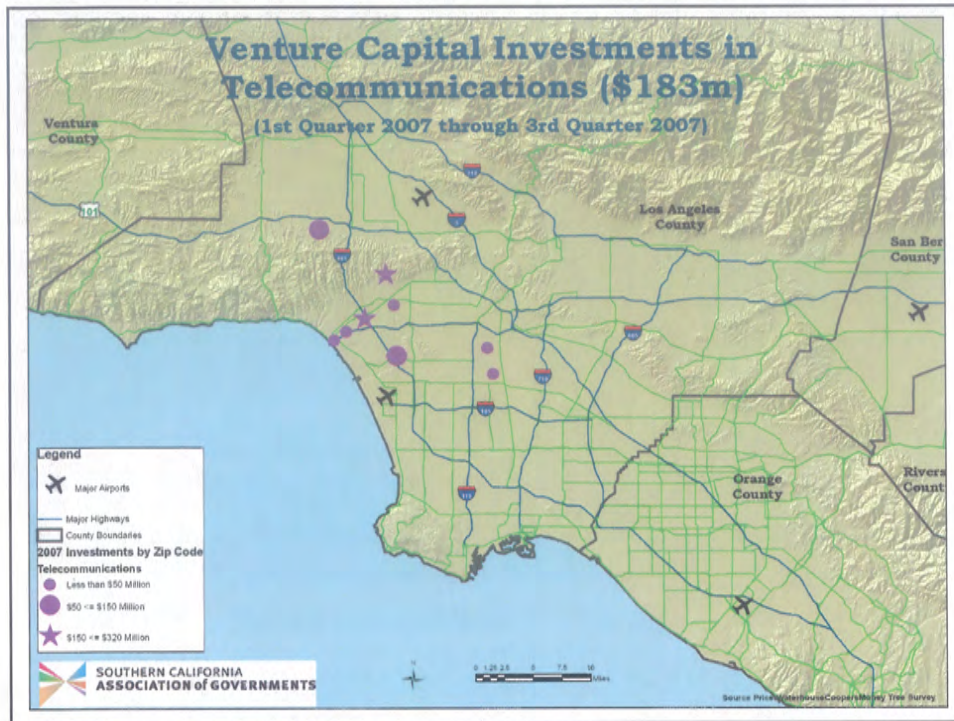


Total Venture Capital Investments by Industry for the SCAG Region 1995-2007









Thank you Questions/ Comments?

**For more information please contact
Elizabeth Delgado, SCAG Staff**

delgado@scag.ca.gov

MEMO

DATE: April 3, 2008

TO: Community, Economic and Human Development Committee

FROM: Mark Butala, Program Manager, 213-236-1945, butala@scag.ca.gov

SUBJECT: Compass Blueprint Public Outreach Strategy

BACKGROUND:

The FY07-08 Compass Blueprint work program approved by CEHD includes an update to the existing outreach and marketing plan. This update will be to create a program new look and theme that better reflects the program focus of offering member cities and counties the assistance needed to plan for our collective future. Three key programs to achieve this end will be reflected through a new interactive Compass Blueprint website, training modules, and targeted collateral materials.


1. Partnerships for Demonstration Projects & Local Technical Assistance - Financial resources to initiate local-regional partnerships that integrate land use planning and transportation investment decision-making critical to improving mobility, accessibility and air quality in southern California. These Demonstration Projects will provide assistance to local jurisdictions for comprehensive planning solutions such as context-sensitive design, multi-modal transportation planning, infill and transit-oriented development projects, community outreach and consensus-building, fiscal and economic impact analysis, green house gas (GHG) reduction standards, innovative financing techniques and public-private partnerships.
2. Tools, Training & Capacity Building - The development and application of new planning tools to expand our "Suite of Services" toolbox that assists local governments plan accordingly with the elements of the RTP. These tools include exciting single-service applications such as the 4-D transportation modeling analysis, greenhouse gas emissions mitigation strategies, form-based code standards for reducing vehicle trips as well as the expansion and refinement of the existing visualization, EnvisionTomorrow and return on investment tools. Each of these services will include instructional materials and curriculum for conducting monthly "Toolbox Tuesdays" training sessions that teach local planners the application of these valuable resources in their daily planning activities.
3. Data and Forecasting Technical Support - SCAG through its Growth Forecasting process collects a wealth data that is useful to local governments for a range of planning, forecasting, and economic development efforts. We will package our data in easy-to-use formats to be disseminated via the web and directly upon request.

MEMO

FISCAL IMPACT:

Work associated with the Compass Blueprint Outreach Plan is budgeted in the current 2007-08 Overall Work Program (08-065.SCGS1)

Reviewed by:


Division Manager

Reviewed by:


Department Director

Reviewed by:


Chief Financial Officer